



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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April 26, 1999

HAND DELIVERED 4-27-99

Jeff Sagers  
2016 South Montana Avenue  
Provo, Utah 84606

CERTIFIED RETURN RECEIPT  
P 074 976 682

Kent Smith  
P.O. Box 224  
Milford, Utah 84751

Re: Notification of Pending Non-Compliance Notice, RMS #1 Mine, S/021/024, Iron County, Utah

Dear Messrs. Sagers and Smith:

This letter is sent to notify you of a significant permitting circumstance that has been brought to our attention. We are prepared to issue a formal Notice of Non-Compliance which could lead to an immediate suspension of all mining related activity at the RMS#1 mine site and possible additional enforcement action as allowed under the Utah Mined Land Reclamation Act. The permitting concerns are as follows:

1. Failure to file the required annual \$100 permit fee to keep the existing permit valid for this small mining operation.
2. Failure to file required annual reports for years 1996, 1997 and 1998.
3. Failure to file a Small Mining Operations Permit Transfer Form to formally transfer the state permit from Mr. Kent Smith to Jeff Sagers.

***Please contact this office within seven (7) days of your receipt of this letter stating your intentions to resolve these outstanding concerns.*** Failure to do so will result in the issuance of

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RMS #1 Mine  
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a Notice of Non-Compliance. Until a formal permit transfer is enacted, our rules require that we hold both parties jointly responsible for the mine disturbances and permit fees associated with this site.

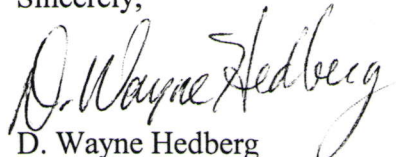
**Background:**

Recently we acquired a copy of a May 6, 1996 letter that Mr. Sagers sent to Gina Pack of the Cedar City BLM office. The letter outlined Mr. Sagers intent to assume sole responsibility for continued mining and reclamation activities associated with this project. The BLM accepted this 1996 notification and presently recognizes Mr. Sagers as the responsible operator for this site. We have been informed that Mr. Sagers is the senior claimant for the 160 acre placer claim encompassing the project area. Unfortunately, the 1996 letter does not satisfy our requirements for a permit transfer. Division rules require that a formal Small Mining Operation permit transfer form be completed, signed and notarized before we can formally recognize Mr. Sagers as the new operator.

Effective July 1, 1998, the Division was authorized to assess annual permit fees to existing mining permits and new permit applications. A \$100 annual fee was assessed to this site and a billing notice was sent to Mr. Smith. To date, we have not received the required payment. Our mine file records also indicate that annual report forms were sent to Mr. Smith for years 1996-98. State mining law requires that all operators of record file completed report forms with the Division annually. No annual reports have been received to date from the operator(s).

Enclosed is a copy of our Small Mining Operation Permit Transfer Form and supplemental annual report forms for your convenience. Please contact me at (801) 538-5286, or Lynn Kunzler (538-5310) as soon as possible to advise us of your plans to resolve this matter.

Sincerely,

  
D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosure: Transfer form  
cc: Ed Ginouves, BLM, Cedar City FO  
Mary Ann Wright, Assoc. Director  
Dan Moquin, AAG  
Lynn Kunzler, DOGM

s021024.non

BCC: Carl Briscoe  
mineral mtn Resources  
PO Box 422  
Milford UT 84751